REMARKS

This response is intended as a full and complete response to the non-final Office Action mailed on March 9, 2006. The listing of the claims in the Office Action summary appears to be incorrect. In the body of the Office Action, claims 1-5, 7, 8, 10-13, 15-47, 51, 53-60, and 62-78 are pending, and claims 1-5, 7, 8, 10-13, 15-47, 51, 53-60, and 62-78 are rejected. By this response, all the pending claims continue unamended.

In view of the following discussion, Applicant submits that none of the claims now pending in the application are obvious under the provisions of 35 U.S.C. §103. Thus, Applicant believes that all of these claims are now in allowable form.

It is to be understood that Applicant does not acquiesce to the Examiner's characterizations of the art of record or to Applicant's subject matter recited in the pending claims. Further, Applicant is not acquiescing to the Examiner's statements as to the applicability of the art of record to the pending claims by filing the instant responsive amendments.

REJECTIONS

35 U.S.C. §103

Claims 1-5, 7-8, 10-13, 15-32, 34-47, 51, 53-60, 62, and 64-78

The Examiner has rejected claims 1-5, 7-8, 11-13, 15-32, 34-47, 51, 53-60, 62 and 64-78 under 35 U.S.C. §103(a) as being unpatentable over U.S. 6,177,391 B1 to Alexander "(Alexander") in view of U.S. Patent 6,493,872 to Rangan ("Rangan"). Applicant respectfully traverses the rejection.

Applicant's independent claims 1, 7, 25, 34, 43, 51, 53, 54, 59, 68 and 69 recite different aspects of the present invention including the features for the terminals to assign virtual objects and receive group assignment rules from a remote location such as the local insertion center. Specifically, Applicant's independent claim 1 (and similarly independent claims 7, 25, 34, 43, 51, 53, 54, 59, 68 and 69) recites:

> 1. A method for locally targeting virtual advertisements at a user's terminal, comprising:
> assigning at least one virtual advertisement spot to a video program;
> assigning a plurality of virtual objects to the at least one virtual advertisement spot, wherein assigning the plurality of virtual objects

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<u>further comprises:</u>
    <u>ranking one or more of the video programs based on target categories and a first percentage of total viewers in one or more groups of viewers;</u>
    <u>ranking the plurality of virtual objects based on a second percentage of total viewers in the one or more groups of viewers; and</u>
    <u>determining, for one or more of the video programs and one or more of the target categories, plurality of virtual objects with overall highest rankings, based on the first and the second percentages;</u>
    generating group assignment rules;
    generating a retrieval plan; and
    providing the retrieval plan, the group assignment rules and video program to the terminal, wherein the retrieval plan and the group assignment rules are sent periodically to the terminal, and the retrieval plan directs the terminal to select one of the plurality of virtual objects for placement at said at least one virtual advertisement spot in said video program. (emphasis added).

According to MPEP 2143.03, all claim limitations must be taught or suggested. "To establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). 'All words in a claim must be considered in judging the patentability of that claim against the prior art.' In re Wilson, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). "

The present invention includes method and apparatus for targeting virtual objects including the steps of: ranking one or more of the video programs based on target categories of targeted virtual objects and a first percentage of total viewers in one or more groups of viewers; ranking the targeted virtual objects based on a second percentage of total viewers in the one or more groups of viewers; and determining, for one or more of the video programs and one or more of the target categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages.

The present invention ranks the video programs based on target categories of targeted virtual objects and a first percentage of total viewers. For example, Table D on pages 34-35 discloses that the video programs that contain at least one virtual object location are ranked using the information of a target category and percentages of total viewers for each group. Target categories are sex, income, age, etc. The percentage

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of total viewers is determined by various sources such as viewer surveys, marketing databases, Nielsen or Arbitron program rating services, etc. The information is used in determining a ranking of the video programs.

The present invention also ranks the targeted virtual objects based on a second percentage of total viewers. Illustratively, an example is on pages 35-38 and Table E of the specification. The advertisers may feel certain groups should not receive certain virtual objects. This decision may be based on the responsiveness of the viewers of the groups to the advertisement. This decision may also depend on the appropriateness of the virtual objects as decided by the advertisers. The percentage is a percentage of total viewers that will favorably receive the advertisement. Therefore, the targeted virtual objects are ranked using an appropriate value that represents a percentage of total viewers.

Furthermore, the present invention determines the targeted virtual objects with the highest overall rankings based on the first and second percentages. Specifically, for example, as shown in Fig. 15, 2322, on pages 39-40 and Table F, the first and second percentages of total viewers determined above are multiplied and the results added. This value is ranked as shown in Table G.

Alexander discloses an electronic program guide (EPG) at terminals which selects advertisement for display using viewer profiles or other preset criteria. The Examiner asserts that Alexander discloses ranking one or more of the video programs based on target categories of targeted virtual objects and a first percentage of total viewers in one or more groups of viewers (col. 34, ll. 36-41); ranking the targeted virtual objects based on a second percentage of total viewers in the one or more groups of viewers; and determining (col. 30, ll. 17-44 and col. 34, ll. 16-24), for one or more of the video programs and one or more of the target categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages (col. 34, ll. 16-23). Applicant respectfully disagrees.

First, column 34, lines 36-41 does not teach or suggest "ranking one or more of the video programs based on target categories of targeted virtual objects and a first percentage of total viewers in one or more groups of viewers". Specifically, Alexander teaches an ad linked to a theme is selected for display if a user selects that particular

theme on the EPG more frequently than other themes during a prescribed period of time. For example, if automobile advertisements are linked to a sports theme and a viewer frequently selects the sports theme on the EPG, then an automobile advertisement is selected for display. The examiner reasons that, therefore, the automobile advertisement is ranked higher than other advertisements. Considering the invention as a whole, the advertisement corresponds to the virtual object of the claims. Thus, Alexander merely ranks the virtual objects, and no ranking of any video programs is taught or suggested in Alexander. Moreover, the selection process of Alexander uses a target category, but does not utilize any information based on a percentage of total viewers. Alexander merely uses the selection frequency of one viewer. Alexander is silent on ranking based on percentage of total viewers. Thus, Alexander does not rank a video program and does not base any decision on the percentage of total viewers as claimed.

Second, column 30, lines 17-44 and column 34, lines 16-24 do not disclose or suggest "ranking the targeted virtual objects based on a second percentage of total viewers in the one or more groups of viewers". Alexander teaches that each advertisement is assigned a code or other selection intelligence to allow matching of the viewer's interest. Alexander is silent on utilizing any information related to percentage of total viewers to give weight to an advertisement as described in the applicant's specification. Thus, using the profile information of a viewer to match advertisements with that viewer is not the same as the second percentage of total viewers as claimed.

Finally, column 34, lines 16-23 does not teach or suggest "determining, for one or more of the video programs and one or more of the target categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages." Alexander teaches EPG searches a library for ad's that match criteria set by the advertisers. Alexander is silent on determining the highest ranking of virtual objects using the information regarding the first percentages of total viewers and second percentage of total viewers. Selecting of advertisements based on access content, adjacent content and/or viewer profile information is not the same as determining based on the first and second percentages of total viewers as claimed.

Furthermore, the Rangan reference does not bridge the substantial gap between the Alexander reference and Applicant's invention. As stated in the Office Action, Rangan does not teach or suggest a method and apparatus for determining, for one or more of the video programs and one or more of the target categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages.

Thus, Alexander and Rangan, singly or in combination, fail to teach or suggest the claimed invention <u>as a whole</u>.

As such, Applicant submits that independent claims 1, 7, 25, 34, 43, 51, 53, 54, 59, 68 and 69 are not obvious and fully satisfy the requirements of 35 U.S.C. §103 and are patentable thereunder. Furthermore, claims 2-5, 8, 10-13, 15-24, 26-32, 35-42, 44-47, 55-58, 60, 62, 64-67 and 70-78 depend, either directly or indirectly, from independent claims 1, 7, 25, 34, 43, 51, 53, 54, 59, 68 and 69 and recite additional features thereof. As such and at least for the same reasons as discussed above, Applicant submits that these dependent claims are also not obvious and fully satisfy the requirements of 35 U.S.C. §103 and are patentable thereunder. Therefore, Applicant respectfully requests that the Examiner's rejection be withdrawn.

Claims 33 and 63

The Examiner has rejected claims 33 and 63 under 35 U.S.C. §103(a) as being obvious and therefore unpatentable over Alexander in view of Rangan in further view of U.S. Patent 6,741,834 to Godwin (hereinafter "Godwin"). Applicant respectfully traverses the rejection.

Claims 33 and 63 respectively depend from independent claims 25 and 59 and recite additional features thereof. In particular, claim 33 (and similarly dependent claim 63) recites in part:

> A method of locally targeting virtual objects to terminals, comprising:
> creating a package of targeted virtual objects<u>, comprising:</u>
> <u>ranking one or more video programs based on target categories of targeted virtual objects and a first percentage of total viewers in one or more groups of viewers;</u>
> <u>ranking the targeted virtual objects based on a second percentage of total viewers in the one or more groups of viewers;</u> <u>and</u>

determining, for one or more of the video programs and one or more of the target categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages;
providing the package to one or more of the terminals;
generating group assignment rules;
providing the group assignment rules to one or more of the terminals;
generating a retrieval plan;
storing the retrieval plan at one or more of the terminals; and
providing a video program to one or more of the terminals, the video program including at least one virtual object location, wherein the retrieval plan designates virtual objects to be displayed during a display of the video program.

As discussed above, the combination of the Alexander and Rangan references fails to teach or suggest Applicant's invention as a whole.

Furthermore, the Godwin reference does not bridge the substantial gap between the Alexander and Rangan references and Applicant's invention. Specifically, the Godwin reference discloses:

The subscriber receiver 110 includes a global positioning system (GPS) receiver 524 communicatively coupled to a suitable antenna 526. The GPS receiver 524 can provide information regarding the position of the subscriber receiver 110 (for example, in the form of a latitude and longitude). The location module 518 provides the local broadcast region information to a controller module 530 and to an EPG data processing module 532. The controller module 530 uses the information provided by the location module 518 and the local market ID to determine which of the satellite's regional media programs should be presented to the user. Further, the EPG data processing module 532 uses the information provided by the location module 518 to determine which programs to present in an integrated EPG (presenting only those which are either national media programs or satellite or terrestrial regional media programs broadcast within the local broadcast region). (see Godwin, column 7, lines 30-51, FIG. 8B).

Similar to reasons stated above for Alexander and Rangan, Godwin also does not teach or suggest a method and apparatus for "ranking one or more of the video programs based on target categories of targeted virtual objects and a first percentage of total viewers in one or more groups of viewers; ranking the targeted virtual objects based on a second percentage of total viewers in the one or more groups of viewers; and determining, for one or more of the video programs and one or more of the target

categories, targeted virtual objects with overall highest rankings, based on the first and the second percentages."

As such, Applicant submits that independent claims 25 and 59 and dependent claims 33 and 63, which depend from independent claims 25 and 59, are not obvious and fully satisfy the requirements of 35 U.S.C. §103 and are patentable thereunder. Therefore, Applicant respectfully requests that the Examiner's rejection be withdrawn.

CONCLUSION

Thus, Applicant submits that none of the claims, presently in the application, are obvious under the provisions of 35 U.S.C. §103. Accordingly, both reconsideration of this application and its swift passage to issue are earnestly solicited.

If, however, the Examiner believes that there are any unresolved issues requiring adverse final action in any of the claims now pending in the application, it is requested that the Examiner telephone Eamon J. Wall or Jasper Kwoh at (732) 530-9404 so that appropriate arrangements can be made for resolving such issues as expeditiously as possible.

Respectfully submitted,

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